

# TO CLEAR THE PROPERTY RECORD OF A LOAN

## LEGAL ADVICE LIMITATION:

The Recorder's Office is prohibited from giving any legal advice. It may be desirable to consult an attorney or Title Company because of the legal aspects involved.

## WHEN FINAL PAYMENT IS MADE ON A NOTE SECURED BY A DEED OF TRUST:

1. The **BORROWER** (*original Trustor or present owner*) must obtain from the "party" to whom payments were being made:
  - a. The **Original Note** marked "Paid", *and*
  - b. A "**Request for Reconveyance**" addressed to the Trustee (usually printed on the back of the original deed of trust).
2. The **BORROWER** (*property owner*) must then take all documents relating to the transaction **to the Trustee** named in the trust deed.
3. The TRUSTEE, for a fee, will issue a Deed of Reconveyance.
4. The **Reconveyance** should be brought or mailed to the County Recorder's office for recording. Refer to the Fee Schedule for current or additional fees. All fees are prescribed by law.

## EXPLANATION:

A trust deed is a three-party instrument drawn, executed, and recorded to secure repayment of a loan. The Borrower (property owner or time purchaser) is named as "Trustor", the Lender (individual, bank or finance company) is known as the "Beneficiary", and a third party is named "Trustee".

The Trustor grants the property "in trust with power of sale" to the Trustee to secure payment to the Beneficiary. In theory, title to the property is conveyed to the Trustee. No formal acceptance by the Trustee is necessary.

Banks, title companies, and other financing firms print trust deed forms naming themselves as Trustees. These forms are given to lenders. When a form is used, the company named in the form becomes Trustee without knowing it.

The Trustee does not become involved in the transaction until he is notified by the Beneficiary (Lender) that payment on the note is delinquent or that it has been paid.

Although possession of property may have changed during the term of the note and trust deed, the Reconveyance must show the original Trustor. The Trustee reconveys to the property to the "party entitled thereto" who is the present owner of the property.

## CAUTION:

The original Note should be carefully guarded. The Trustee will require bond before issuing the Reconveyance if the note is not delivered to him.